

Chapter 1

AN OVERVIEW OF INTEGRATED MARKETING COMMUNICATIONS

Chapter Objectives

After reading this chapter, you should be able to:

1. Understand the practice of marketing communications and recognize the marcom tools used by practitioners.
2. Differentiate among the following terms: the *marketing mix*, *marketing*, *communications*, *marketing communications*, the *promotional mix*, and *integrated marketing communications*.
3. Describe the philosophy and practice of integrated marketing communications (IMC) and the five key features of IMC.
4. Recognize the activities involved in developing an integrated communications program.
5. Identify obstacles to implementing an IMC program.
6. Understand and appreciate the components contained in an integrative model of the marcom decision-making process.

Chapter Overview

This chapter provides an overview of integrated marketing communications (IMC).

The first part of the chapter discusses the practice of marketing communications (marcom) and its objectives. Important marcom terminology is introduced, as well as various marcom tools used by practitioners.

IMC is the coordination of the promotional mix elements (advertising, public relations, sales promotion, personal selling, direct marketing, and digital marketing/social media) with each other and with the other elements of the brand's marketing mix such that all elements speak with one voice. IMC contains five key features: (1) start with the customer or prospect; (2) use any form of relevant contact or touchpoint; (3) speak with a single voice; (4) build relationships; and (5) affect behavior. Obstacles to implementing the features of IMC are discussed.

The latter portion of the chapter describes a model of the marcom decision-making process. The model includes fundamental decisions (i.e., targeting, positioning, setting objectives, and budgeting), implementation decisions (i.e., mixing elements, creating messages, selecting media, and establishing momentum), expected outcomes (i.e., enhancing brand equity and affecting behavior), and program evaluation.

The chapter appendix provides information on important U.S. trade associations in the marcom field.

Chapter Outline

Marcom Insight

Checking in with Mobile Apps: The Creative Use of Geo-Fencing and Geo-Conquesting

Consumers are spending more and more time on their mobile phones. This has enabled marketers to connect with mobile phone users in real time and to reach them when they are most receptive. To connect with consumers, many marketers are using techniques known as geo-fencing and geo-conquesting. *Geo-fencing* involves targeting customers within designated areas (usually near the firm's location), whereas *geo-conquesting* occurs when companies use promotions applied to their competitor's location. Both techniques have been shown to be effective in generating incremental sales without cannibalization of a company's brand. However, there can be potential obstacles with their use. Both techniques rely on the accuracy of retailer beacons using global positioning system (GPS) or radio frequency identification (RFID) techniques. In addition, *geo-tagging* involving other users' actions and postings gives rise to concerns over consumer privacy.

1-1 Introduction

All firms employ marketing communications (marcom) to one degree or another. The focus may be directed at consumers (B2C) or focused on customers of other businesses (B2B).

1-2 Marketing Communications Objectives and Terminology

Companies have a variety of general objectives for their B2C, B2B, or nonprofit marcom programs: (1) *informing* customers about their products, services, and terms of sale; (2) *persuading* customers to choose certain products and brands, shop in particular stores, go to certain websites, attend events, and other specific behaviors; (3) and *inducing action* (e.g., purchase behavior) from customers that is more immediate than delayed in nature. These objectives usually are accomplished sequentially and can be achieved by using several marcom tools, including mobile and TV advertising, salespeople, social media, point-of-purchase displays, interactive packages, direct mail literature, group online coupons, free samples, publicity releases, and other communication and promotional devices.

The **marketing mix** is the collection of specific elements of a brand's 4Ps—product, place (distribution), price, and promotion—and usually aimed at a target market.

Communications refers to the process whereby commonness of thought is established and meaning is shared between individuals or between organizations and individuals. Figure 1.1 illustrates this idea in a Social Media Venn Diagram.

Marketing is human activity directed at satisfying needs and wants through exchange processes. **Marketing communications** represents the collection of all elements in an organization's marketing mix that facilitate exchange by establishing shared meaning with its customers. *All marketing mix variables* can communicate with customers. Marketing communications can be both intentional and unintentional.

1-3 Promotional Mix Elements

Promotional mix is the blend of advertising, public relations, sales promotion, personal selling, direct marketing, and digital marketing/social media elements usually aimed at a specific target market.

- **Advertising** is a paid, mediated form of communication from an identifiable source, designed to persuade the receiver to take some action, now or in the future. This includes mass media outlets such as television, magazines, newspapers, and out-of-home.
- **Public relations (PR)** is an organizational activity involved with fostering goodwill between a company and its various publics (e.g., employees, suppliers, consumers, government agencies, stockholders). **Publicity** is nonpersonal communication to a mass audience.
- **Sales promotion** refers to all promotional activities (excluding advertising, public relations, personal selling, direct marketing, and digital marketing/social media) that stimulate short-term behavioral responses from (1) consumers, (2) the trade (e.g., distributors, wholesalers, or retailers), and/or (3) the company's sales force. *Trade sales promotion* includes using display allowances, quantity discounts, and merchandise assistance to activate wholesale and retailer responses. *Consumer sales promotion* includes the use of coupons, premiums, free samples, contests/sweepstakes, and rebates.
- **Personal selling** is a paid, person-to-person communication in which a seller determines needs and wants of prospective buyers and attempts to persuade these buyers to purchase the company's products or services.
- **Direct marketing** represents an interactive system of marketing which uses one or more advertising media to effect a measurable response and/or transaction at any location. *Direct response advertising* involves the use of any of several media to transmit messages that encourage buyers to purchase directly from the advertiser.
- **Digital marketing** is the promotion of product and services over the Internet. **Social media marketing** refers to forms of electronic communication through which user-generated content (information, ideas, and videos) can be shared within the user's social network.

Figure 1.2 illustrates the promotional mix.

Earned media refers to publicity gained through promotional efforts (e.g., social media word-of-mouth, buzz, PR) other than paid advertising. **Paid media** refers to publicity gained through advertising in which the firm's brand pays to leverage a media channel (e.g., display ads, paid search). **Owned media** represents when a firm's brand controls the media channel (e.g., a brand's website or mobile app). Table 1.1 compares earned, paid, and owned media.

1-4 The Primary Tools of Marketing Communications

Table 1.2 provides a listing of possible marketing communication tools.

1-5 The Integration of Marketing Communications

Mountain Dew's marketing communications is described as an example of an integrated

communications plan.

1-5a Why Integrate?

Organizations traditionally have handled communication tools as virtually separate practices and organizational units rather than having generalized knowledge and experience across all tools. There has been a reluctance to change from this single-function, specialist model due to managerial parochialism and for fear that change might lead to budget cutbacks in their areas of control, and reductions in their authority, perceived expertise, and power.

1-5b IMC Practices and Synergy

Not all brand managers or their firms are equally likely to adopt IMC.

- Experienced managers are more likely than novice managers to practice IMC.
- Firms involved in marketing services (rather than products) and B2C (versus B2B) companies are more likely to practice IMC.
- More sophisticated companies are likely adherents to IMC.

IMC is worth practicing because it can create synergy; in other words, multiple communication tools in conjunction with one another can produce greater results than tools used individually and in an uncoordinated fashion.

1-5c Definition of IMC

IMC is the coordination of the promotional mix elements (advertising, public relations, sales promotion, personal selling, direct marketing, and digital marketing/social media) with each other and with the other elements of the brands' marketing mix (product, place, price) such that all elements speak with one voice.

1-6 Key IMC Features

The five key features of IMC are listed in Table 1.3.

1-6a Key Feature #1: IMC Should Begin with the Customer or Prospect

The marcom process must *start with the customer or prospect* and then work backward ("outside-in" approach) to determine which communication methods will best serve the customers' information needs and motivate them to purchase the brand.

Consumers in Control

The key reality for marcom programs is that the consumer increasingly wants to be in control. Personalization and authenticity of marcom messages are important in gaining consumer trust and engagement. Online marketing via location-based services, social media, scanning, wearables, blogging, and texting enables consumers to have communications and entertainment when and wherever they want.

Reduced Dependence on the Mass Media

Marcom should use the channels that reach people where, when, and how they wish to be contacted.

Communication methods other than mass media advertising must be considered before mass media advertising is automatically assumed to be the solution, as traditional mass media advertising may not always be the most effective or cost-efficient avenue for accomplishing this objective.

A media-neutral approach requires that the brand marketer first identify the goal(s) a marcom program is designed to accomplish (building brand awareness, creating buzz, influencing behavior, etc.) and then determine the best way to allocate the marketer's budget.

1-6b Key Feature #2: Use Any Form of Relevant Contact

Select those tools that are most appropriate for the communications objective at hand.

Touchpoints and 360-Degree Branding

IMC practitioners need to be receptive to using all forms of touchpoints, or contacts, as potential message delivery channels. A **touchpoint** (or **contact**) is any message medium capable of reaching target customers and presenting the brand in a favorable light. The phrase 360-degree branding suggests that a brand's touchpoints should surround the target audience. Figure 1.3 shows that there can be a range of consumer touchpoints for a brand.

Overall, the IMC objective is to reach the target audience efficiently and effectively using touchpoints that fit the audience.

1-6c Key Feature #3: Speak with a Single Voice

Coordination of messages and media is critical to achieving a strong and unified brand image and moving consumers to action. Failure to closely coordinate all communication elements can result in duplicated efforts or, worse, contradictory brand messages.

The single-voice principle involves selecting a specific positioning statement for a brand. A **positioning statement** is the key idea that encapsulates what a brand is intended to stand for in its target market's mind and then consistently delivers the same idea across all media channels.

1-6d Key Feature #4: Build Relationships Rather Than Engage in Flings

A **relationship** is an enduring link between a brand and its customers. Successful relationships between customers and brands lead to repeat purchasing and, ideally, loyalty toward a brand.

Loyalty Programs

A well-known method for building customer relations is the use of *loyalty*

programs dedicated to creating customers who are committed to a brand and encouraging them to satisfy most of their product or service needs from offering organizations.

Experiential Marketing Programs

Creating special events or developing exciting venues that attempt to build the sensation that a sponsoring brand is relevant to the consumer's life and lifestyle are ways to create brand experiences that make positive and lasting impressions with customers.

1-6e Key Element #5: Don't Lose Focus of the Ultimate Objective: Affect Behavior

Affecting the behavior of the target audience means that marketing communications ultimately must do more than just influence brand awareness or enhance customer attitudes toward the brand. Instead, successful IMC requires that communication efforts be directed at encouraging some form of behavioral response. The objective, in other words, is to *move people to action*.

1-6f Obstacles to Implementing the Key IMC Features

Integration requires tight coordination among all elements of a marcom program. However, because brand managers typically use suppliers, or specialized services, to assist them in managing various aspects of marketing communications, this becomes complicated when different specialized services operate independently of one another.

Few providers of marketing communication services have the far-ranging skills to plan and execute programs that cut across all major forms of marketing communications.

1-7 The Marketing Communications Decision-Making Process

Figure 1.4 is a framework conceptualizing the various types of practical brand-level marcom decisions and the outcomes desired from those decisions. The model consists of a set of fundamental decisions, a set of implementation decisions, and program evaluation. *Fundamental decisions* (targeting, positioning, setting objectives, and budgeting) influence *implementation decisions* regarding the mixture of communications elements and the determination of messages, media, and momentum. The expected *outcomes* from these decisions are enhancing brand equity and affecting behavior. Subsequent to the implementation of the marcom decisions, *program evaluation*—in the form of measuring the results from marcom efforts, providing feedback, and taking corrective action—is essential to determining whether outcomes match objectives.

The objective of marketing communications is to enhance *brand equity*, the goodwill that an established brand has built up over its existence. In turn, improved brand equity is a means of moving customers to favorable action toward the brand—i.e., trying it, repeat purchasing it, and, ideally, becoming loyal toward the brand.

1-7a Fundamental Marcom Decisions

Targeting

Targeting lets marketing communicators deliver messages more precisely and prevent wasted coverage to people falling outside the intended audience. Companies identify potential target markets in terms of demographics, lifestyles, product usage patterns, and geographic considerations.

Positioning

A brand's position represents the key feature, benefit, or image that it stands for in the consumer's or target audience's collective mind. Brand communicators and the marketing team (based on consumer input) must decide on a *brand positioning statement*, which is the central idea that encapsulates a brand's meaning and distinctiveness vis-à-vis competitive brands in the product category.

Setting Objectives

Marketing communicators' decisions are grounded in the underlying objectives to be accomplished for a brand. The choice of appropriate marketing communications tools and media naturally flows from the answer to the following key question: "What are the communications supposed to do or accomplish?"

Budgeting

Financial resources are budgeted to specific marcom elements to accomplish desired objectives. Different methods include:

- *Top-down budgeting (TD)* – Senior management decides how much each subunit receives.
- *Bottom-up budgeting (BU)* – Managers of subunits (such as at the product category level) determine how much is needed to achieve their objectives; these amounts are then combined to establish the total marketing budget.

Most budgeting practices involve a combination of top-down and bottom-up budgeting (e.g., a *bottom-up/top-down process [BUTD]* or a *top-down/bottom-up process [TDBU]*).

A Concluding Point

All marketing communications should be (1) directed to a particular target market, (2) clearly positioned, (3) created to achieve a specific objective, and (4) undertaken to accomplish the objective within budget constraints.

1-7b Marcom Implementation Decisions

The fundamental decisions are conceptual and strategic. The implementation decisions are practical and tactical. Marcom managers must make specific implementation decisions in the pursuit of accomplishing more general brand-level objectives and achieving the brand's positioning and targeting requirements. Initially, they must choose how best to integrate, or mix, the various communications elements to achieve objectives toward the target market and

within budget constraints. Then, they must decide what types of messages will accomplish the desired positioning, which media are appropriate for delivering messages, and what degree of momentum is needed to support the media effort.

Mixing Elements

A fundamental issue confronting all companies is deciding exactly how to allocate resources among the various marketing communications tools.

The marketing communications mix decision constitutes an *ill-structured problem* because there is no way to determine the optimum mathematical allocation between advertising and promotion that will maximize revenue or profit. There are two reasons for this:

1. Advertising and promotions are somewhat interchangeable—both tools can accomplish some of the same objectives. Therefore, it is impossible to know exactly which tool or combination of tools is better in every situation.
2. Advertising and promotions produce a synergistic effect—their combined results are greater than what they would achieve individually. This makes it difficult to determine the exact effects that different combinations of advertising and sales promotion might generate.

A satisfactory mixture can be formulated by considering the differing purposes of each of these marcom tools. A key strategic consideration is whether short- or long-term schemes are more important given a brand's life-cycle stage and in view of competitive realities.

Brand equity considerations also play a role in evaluating a satisfactory combination of advertising and promotions. Poorly planned or excessive promotions can damage a brand's equity by cheapening its image. If a brand is frequently placed on sale or if some form of deal (price-offs, discounts, etc.) is regularly offered, consumers may delay purchasing the brand until the price is reduced. This can cause the brand to be purchased more for its price discount than for its nonprice attributes and benefits. Figure 1.5 illustrates a buy-one get-one free promotion.

A “short-term solution” in spending excessive amounts on promotion to create quick sales while failing to invest sufficiently in advertising to build a brand's long-term equity can spell trouble for a brand's future. An appropriate mixture involves spending enough on promotions to ensure sufficient sales volume in the short term while simultaneously spending enough on advertising to ensure the growth or preservation of a brand's equity position.

Creating Messages

A second implementation decision is the creation of messages in the form of advertisements, publicity releases, promotions, package designs, social media, and any other form of marcom message. Systematic (versus ad hoc) decision making requires that message content be dictated by the brand's positioning

strategy and aligned with the communications objective for the designated target audience.

Selecting Media

All marketing communications messages require an instrument, or medium, for transmission. Although the term *media* is typically applied to advertising (television, magazines, radio, mobile, online, etc.), the concept of *media* is relevant to all marcom tools.

Establishing Momentum

The word *momentum* refers to an object's force or speed of movement—its impetus. The effectiveness of each message form requires both a sufficient amount of effort and continuity of that effort.

1-7c Marcom Outcomes

The outcomes for a marcom program are twofold: (1) enhancing brand equity and (2) affecting behavior. Figure 1.4 displays a double-headed arrow between these outcomes, which signifies that each outcome can influence the other.

1-7d Program Evaluation

This final step in the process is accomplished by measuring the results of marcom efforts against the objectives that were established at the outset.

Throughout the business world, there is an increasing demand for accountability, which requires that research be performed and data acquired to determine whether implemented marcom decisions have accomplished the objectives they were expected to achieve.

Measures of communication outcomes include brand awareness, message comprehension, attitude toward the brand, and purchase intentions. All of these are communication (rather than behavioral) objectives in the sense that an advertiser has attempted to communicate a certain message argument or create an overall impression.

Failure to achieve targeted results may prompt corrective action.



MindTap Resources

MindTap® is a digital learning solution that helps students improve retention and critical thinking skills by customizing learning experiences, providing mobile access, and the ability to track individual performance. It helps students better manage time and prepare more thoroughly for exams, providing detail and context beyond classroom lectures.

MindTap Insights Online highlight the latest marketing and advertising developments. These engaging features in MindTap draw students' attention to a variety of brilliant ads that illustrate key IMC concepts at work within real company situations.

MindTap support materials for Chapter 1 include:

- **End-of-chapter quizzes** reinforce the learning objectives and review the chapter content.
- Videos and articles from *Advertising Age* keep students up-to-date with marketing news and trends. Student explore the following topics in this chapter:
 - Create a Modern Media Marketing Mix
 - The Art of Failure in Digital Marketing
- **Insights Online** explore real-world examples of concepts discussed in the chapter. Topics for this chapter include:
 - General Electric Childlike Imagination commercial
 - China's Youku and WeChat
 - How Apple Masters Customer Touchpoints

Answers to Discussion Questions

1. Explain how your college or university uses marketing communications to recruit students. How are their needs first determined?

Answer:

Colleges and universities create comprehensive marcom plans to create awareness and enhance their brand identity with prospective students. Most continue to use traditional advertising methods to reach a mass audience, such as viewbooks and brochures. These provide broad overviews of the programs and opportunities that their school gives students. Some will have regular sections in local newspapers for specific coverage of campus activities. Many schools attempt to maximize public relations opportunities by publicizing events, activities, and other newsworthy achievements on their campus through news reporting agencies. Event marketing involves sponsoring an activity that will provide positive exposure for the advertiser. The university could sponsor career fairs at high schools and participate with a booth staffed with university representatives to answer students' questions about the type of education required for different careers. The booth could be supplied with university entrance applications, and representatives could encourage students to apply for admission. Other schools may use recruiters as a selling tool to visit on a more personal level with students in key courses to recruit for specific majors. Recruiters may work with faculty in high schools to visit classes such as a business, accounting, or entrepreneurship class to speak to the students about career opportunities in those areas of study. The recruiter may also then have the opportunity to speak about degrees at their college or university that can prepare students for such careers. Increasingly, colleges and universities are using the internet and social media to reach prospective students with virtual tours of the campus, Facebook and other online social networks for prospective students, and internet sites dedicated to prospective students with carefully presented information to answer virtually any question a prospective student (and their parent) might have about the school.

2. The combined use of different marcom tools—such as advertising a brand on TV, sponsoring an event, and developing a social media presence—can produce a synergistic effect for a brand. What does the concept of synergy mean in this context? Provide a practical illustration of how two or more marcom tools when used in combination are capable of producing results greater than the sum of their individual contributions.

Answer:

While answers will vary, it is imperative that students understand that the payoff from IMC is synergy, which means that multiple communication tools in conjunction with one another can produce greater results than tools used individually and in an uncoordinated fashion.

3. Explain what it means to say that the consumers are in control of marketing communications. Provide an example from your own experience that supports the contention that marcom is becoming increasingly consumer-centric.

Answer:

Answers will vary, but students should understand that consumers are not simply passive recipients of marcom efforts but are increasingly in control of marketing communications both in their active choice of which media outlets to attend and by generating their own brand-related communications—via posts, blogging, and creating messages on social media sites such as Facebook and Twitter.

4. What steps can marketing communicators take to allow consumers to exercise their control of when, where, and how they receive brand messages? Provide specific examples to support your answer.

Answer:

Using technologies such as the internet and other electronic media, consumers seek the information about products and services that they want—via online searches, blogging, e-mailing, text messaging, and social networking—rather than being mere captives of the messages that marketing communicators want them to receive. As marketers, it is important to create sites that target these consumers and provide them with opportunities to engage in brand-centric interactions.

5. Based on your experiences, and those of close friends, what might be the future role of social networking outlets (e.g., Twitter, Facebook, Instagram, Snapchat, and YouTube) in disseminating brand information? On the basis of your experience, is most brand-related information that appears on these sites positive or negative?

Answer:

Answers will vary. Students should understand the increasing role that these relatively new media play in shaping consumers' understanding and their attitudes about brands.

6. Explain the meaning of *touchpoints* and *360-degree branding*. What are the advantages and potential disadvantages of such a practice?

Answer:

A *touchpoint* refers to any message medium capable of reaching target customers and presenting the brand in a favorable light. *360-degree branding* suggests that a brand's touchpoints should surround the target market. The advantage of this approach is it allows the target audience to use whatever information about the brand that is most useful to them. The potential disadvantages include burnout or overexposure with a message to the extent that the target audience becomes numb or uninterested with the brand.

7. The following quote from an advertising executive appeared in the chapter in the section under key IMC feature #2: "At the end of the day, [marcom agencies] don't deliver ads, or direct mail pieces, or PR and corporate identity programs. We deliver results." Explain what you think this executive meant in making this statement.

Answer:

The specific tools of marcom that are used to promote a brand are less important than the results that the combination of tools used by an agency delivers. Consumers do not respond

to the tools; they respond to the message that the tool communicates. If the message resonates with the target audience, they should be moved to the desired action or intent of the message.

8. One key feature of IMC is the emphasis on affecting behavior and not just its antecedents (such as brand awareness or favorable attitudes). For each of the following situations, indicate the specific behavior(s) that marketing communications might attempt to affect: (a) your university's advertising efforts, (b) a professional baseball team's promotion for a particular game, (c) a government agency's efforts to improve food safety, and (d) Gatorade's sponsorship of a volleyball tournament.

Answer:

An objective of marketing communications for each of the above could be:

- a. High school students could obtain, fill out, and send in applications for admission.
 - b. Individuals who represent a group call a 1-800 number, order tickets for the game, and pay for them using a charge card.
 - c. Individuals use thermometers to make sure certain foods are cooked to appropriate temperatures.
 - d. Individuals purchase a bottle of Gatorade for home consumption or attend the tournament and are exposed to Gatorade signage.
9. Assume you are in charge of advertising a product that is directed specifically to college students. Identify seven contact methods (include no more than two forms of mass media advertising) you might use to reach this audience.

Answer:

1. Sponsor a school activity, such as a sporting event, Greek activity, academic club, or intramural event.
 2. Advertise on the university TV and/or radio channel.
 3. Advertise in a school publication, such as the school newspaper or yearbook.
 4. Advertise on the university's Facebook's page.
 5. Advertise in areas that are popular with college students, such as the local eateries, bars, or even the local laundromat.
 6. Publish and distribute guides that are of interest to students, such as how to choose a graduate program or how to select a career.
 7. Produce and distribute giveaways that are of interest to students, such as coffee mugs, beverage containers, reusable grocery bags, or laundry bags.
 8. Visit classrooms and give presentations on how to write a resume or how to start your career search.
 9. Post signage on bulletin boards in dorms, classroom buildings, and other common spaces frequented by students.
10. Objectives and budgets are necessarily interdependent. Explain this interdependency and construct an illustration to support your point.

Answer:

The tasks that a manager hopes to accomplish are necessarily constrained by the amount of available resources. Similarly, budgets should be established in view of the objectives that must be accomplished—more ambitious objectives require larger budgets. Hence, both of these general decisions require close coordination.

Example illustration: “I want to obtain an MBA degree from a prestigious institution; however, my present finances won’t allow me to accomplish this objective, so I’ll have to work for a year or so to accumulate enough funds to support my education.” Another way to state this: “Although I’d like to get an MBA degree from a prestigious institution, my finances won’t afford it; therefore, I need to revise my objective and attend an institution that costs less.”

11. Brand positioning and targeting also are necessarily interdependent. Explain this interdependency and provide an example to support your point.

Answer:

A brand’s position represents the key feature, benefit, or image that it stands for in the consumer’s or the target audience’s collective mind. A brand’s positioning statement is the central idea that encapsulates a brand’s meaning and distinctiveness vis-à-vis competitive brands in the product category. Positioning decisions are made with respect to intended targets, and targeting decisions are based on a clear idea of how brands are to be positioned and distinguished from competitive offerings. An example to illustrate this interdependency is the promotion of a university. A message targeted to parents would most likely feature different benefits than one targeted to high school students. Parents might be more interested in the ranking of the school, safety for their children, and placement opportunities. Students might be more interested in social aspects of college life, such as sports and Greek life.

12. What is the distinction between top-down (TD) and bottom-up (BU) budgeting? Why is BUTD used in companies that are more marketing oriented, whereas TDBU is found more frequently in finance-driven companies?

Answer:

TD budgeting is used when senior management decides how much each subunit receives. BU budgeting takes place when managers of subunits determine how much is needed to achieve their objectives; these amounts are then combined to establish the total marketing budget. BUTD is used in marketing-oriented firms because lower-level managers (e.g., sales managers) know the market better than senior management and thus are in a better position to ascertain how much is needed to fend off competitive thrusts and achieve objectives. In financially-oriented firms, objectives are typically set at the top organization level, which makes setting budgets at the top compatible with the set objectives.

13. Why do you think that the trend in marcom budgeting is toward increased expenditures on promotions and reduced advertising spending? And, within advertising, explain the trend toward mobile advertising in spite of interruptions in seeing content and privacy concerns.

Answer:

Due to the increased emphasis on affecting behavior and accountability, sales promotion is the marcom tool most likely to affect behavior, and results can be measured more easily than those for other forms of marcom, such as advertising.

Consumers are spending more and more time on their mobile devices. This allows marketers to be able to connect with mobile phone users in real time. That means that mobile ads and messaging can reach consumers when they are most receptive. Due to the intimate nature of mobile devices, mobile ads are effective in terms of product awareness and sales. With mobile advertising, marketers can also use locational targeting techniques such as geo-fencing and geo-conquesting to reach their target audiences more effectively. Finally, mobile advertising is cost-efficient. It is much cheaper than traditional mass media advertising. Thus, marketers can spend less money to reach consumers.

14. Explain the concept of *momentum* and offer an account as to why momentum is important for a specific brand of your choosing.

Answer:

The word *momentum* refers to an object's force or speed of movement—its impetus. The effectiveness of marcom efforts requires both a sufficient amount of effort and continuity of that effort. Red Bull, for example, has no differential advantage other than its brand name. The product easily could be (and is being) copied. Momentum is using marcom to keep the brand in consumers' minds and reinforce existing associations with the brand.

15. Assume you are in charge of fundraising for an organization on your campus—a student club, a social fraternity or sorority, a business fraternity, a nonprofit group, or any other such organization. It is your job to identify a suitable project and to manage the project's marketing communications. Identify a fundraising project idea and apply the subset of the model involving fundamental decisions. In other words, explain how you would position your fundraising project, whom you would target, what objective(s) you would set, and how much (ballpark figure) you would budget for marcom efforts.

Answer:

The fundamental decisions required in the marcom decision-making process include targeting, positioning, setting objectives, and budgeting. An example of a fundraising project could be to raise awareness of and funds for the local boys and girls club. Students should state who their target audience will be for their project (e.g., other students, community at large, local businesses, etc.). Along with that, they must determine the positioning statement, which is the central idea that encapsulates the project's meaning and distinctiveness vis-à-vis other competing fundraising activities. Students must then set objectives for their fundraising project, such as a dollar amount they wish to raise. Finally, they need to determine how much to budget for marcom efforts. One way is to use the bottom-up approach and determine how much is needed to achieve their objective. Another way is to use the top-down approach and ask the officers of their organization for an amount they can have to budget for their activities.